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Should You Become an Entrepreneur?

1.1 All about Entrepreneurship

1.2 Is Entrepreneurship Right for You?

1.3 Explore Ideas and Opportunities

1.4 Problem Solving for Entrepreneurs



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Going “Green” With White Rooftops

Many of today’s most successful businesses start with a simple idea. That idea could be a new invention or a solution to improve a current product. An entrepreneur is the person who transforms this idea into action. Entrepreneurs can be any age. They can start a business in a strong or weak economy. Being an entrepreneur takes an endless amount of hard work, but if you are willing to take the risk, you could be tomorrow’s big business owner.

Environmental enthusiast Jill Miller used a recent downturn in the economy to explore the risk of starting a business. When Jill lost her day job, she had the newfound freedom to research her idea to paint flat, black roofs with a solar-reflective, white paint. Jill’s idea for her company, White Caps, Green Collars, was sparked after learning about energy-wasting black tar roofs during a local Sierra Club meeting. Jill noticed the abundance of flat, black roofs in her hometown of St. Louis and realized the city had an untapped market. While researching her idea by talking to roofing companies and contractors, Jill had a chance meeting with a small business consultant. The consultant gave her sound business and financial advice and the motivation to run with her idea. Since banks are generally reluctant to give loans during an economic downturn, Jill used her own money to get the business off the ground. And for the first summer, she and a friend did all of the hard labor of painting the roofs white. Jill’s “green” idea enables businesses and homeowners to save 20 to 40 percent on energy bills and also improves air quality by cooling the areas surrounding the roofs.

Knowing the ins and outs of her business from the beginning has allowed Jill to effectively manage any day-to-day problems that occur. She said, “It is tough to troubleshoot problems if you don’t know the work your employees are doing.” Jill is also the sole bookkeeper of her business, which allows her to keep a watchful eye on costs.

Although the company is only in its second year of operation, Jill has big hopes for the future. She plans to expand the company locally first, which would add more “green collar” jobs to the area. Because there is a movement toward more environmentally friendly companies, Jill feels like she was in the right place at the right time.

Photo courtesy of Jill Miller



Jill Miller, founder, White Caps, Green Collars

1. What are some positive aspects about being an entrepreneur?
2. Do you know anyone that could serve as a business mentor like Jill’s business consultant? Why are mentors important?
3. What is the advantage to White Caps, Green Collars of being a “green” company?

what
do you
know?

1.1

ALL ABOUT ENTREPRENEURSHIP

Goals

- Define entrepreneurship.
- Recognize the role entrepreneurs play in the U.S. economy.
- Determine the reasons that businesses succeed or fail.

Vocabulary

- entrepreneurs
- entrepreneurship
- employees

focus on small business

Should you be your own boss?

"I'm so tired of someone telling me what to do all the time," Delia said to her friend Gloria. "I know what you mean," Gloria answered, "because I get the same thing." "It seems like there should be some way we could be in charge," Delia said. "I've got an idea," Gloria responded, "let's be entrepreneurs. Mr. Rivera talked about them in my business class last week. They are people who start and run their own businesses. We could do that!"

"What would we have to do? Would we make a lot of money? Would it be fun? Would we get to do whatever we wanted?" Delia's mind was overflowing with questions. Gloria was getting very excited as she replied, "We could be our own bosses! If we were the owners, we would be in charge! We'd get to make all the decisions!" "This is starting to sound pretty good," Delia replied as she began to share Gloria's excitement. "We could decide when we work, what we do, and how we do it. And we can make lots of money! I can't wait. When do we start?"

Work as a Team Many people go into business just so they can be in charge and make lots of money. Do you think this is the most important reason to start your own business?



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Entrepreneurs can be of any age.

Entrepreneurship

The U.S. economy includes thousands of small businesses. Many of these small businesses are owned and operated by men and women who created their own companies. Some of these individuals have become legends as you hear stories about their path to success. But what makes someone an entrepreneur? What impact have entrepreneurs had in history? What impact do they have today?



DEVELOP YOUR READING SKILLS

As you read this chapter, write down questions related to headings and photos. Share your questions with the class.

Would you like to own your own business? Why or why not?

What Is an Entrepreneur?

People who own, operate, and take the risk of a business venture are called **entrepreneurs**. They are engaged in **entrepreneurship**, the process of running a business of one's own. Entrepreneurs come from all types of backgrounds and create all kinds of businesses. People of all ages choose to become entrepreneurs. Some own tiny craft shops, while others own huge construction companies. Entrepreneurs try to identify unmet needs in the marketplace. Then they provide a service or product to meet those needs. When they succeed, their businesses flourish, and profits are earned. But if their business idea is unsuccessful, they may lose the money they invested.

EMPLOYEES VS. ENTREPRENEURS Entrepreneurs assume risk. This makes them different from **employees**, who are people who work for someone else. Both may make decisions, but only the entrepreneur is directly affected by the consequences of those decisions.

Sam Jones manages a record store owned by Felipe Santiago. Sam decides to keep the store open until midnight during the week. If the additional hours bring in customers and increase profits, Sam may be praised by Felipe. He may even get a raise. However, Sam won't directly receive any of the profits because he is an employee. The additional earnings will flow to Felipe, the owner.

WHY DO PEOPLE BECOME ENTREPRENEURS? People go into business for themselves for many reasons. Some want to leave the fast-paced corporate environment and set their own schedules. Others want to be at home but still earn an income. Still others want to pursue a personal dream. You might choose to become an entrepreneur for completely different reasons.

INTEGRITY AND ETHICAL BEHAVIOR An important part of being an entrepreneur involves operating with integrity and exhibiting ethical behavior in all areas of business. Ethical business practices by entrepreneurs ensure that the highest standards of conduct are

observed in their relationships with everyone affected by the business's activities.

When operating with integrity, entrepreneurs behave consistently in actions, values, methods, measures, principles, expectations, and outcomes. When considering whether or not behavior is ethical, both the actions taken by the entrepreneur and the results of those actions should be considered.

Types of Entrepreneurial Businesses

There are generally four types of businesses, and there are many opportunities for entrepreneurs in each type. See the chart below. *Manufacturing businesses* actually produce the products they sell. Using resources and supplies, they create everything from automobiles to paper. *Wholesaling businesses* sell products to other businesses rather than the final consumer. For example, a wholesaler supplies your local greeting card store with items such as cards and wrapping paper. *Retailing businesses*, such as the greeting card store, sell products directly to the people who use or consume them. *Service businesses* sell services rather than products. They include hotels, hairdressers, and repair shops, to name a few.

OTHER BUSINESS AREAS Two other categories of businesses are (1) agricultural and (2) mining and extracting businesses. *Agricultural businesses* generate fresh produce and other farm products, such as wheat. *Mining and extracting businesses* take resources like coal out of the ground so that they can be consumed.

TYPES OF BUSINESSES			
Manufacturing	Wholesaling	Retailing	Service
Apparel and other textile products	Apparel	Auto and home supply stores	Appliance repair
Chemicals and related products	Electrical goods	Building materials and supply stores	Automotive repair
Electronics and other electrical equipment	Groceries and related products	Clothing stores	Babysitting
Fabricated metal products	Hardware, plumbing, heating equipment	Florists	Bookkeeping
Food products	Lumber, construction materials	Furniture stores	Consulting
Industrial machinery and equipment	Machinery, equipment, supplies	Gift, novelty, and souvenir stores	Dance instruction
Printing and publishing	Motor vehicles, automotive equipment	Grocery stores	Electrical services
Rubber and miscellaneous plastic products	Paper, paper products	Hardware stores	Exterminators
Stone, clay, and glass products	Petroleum, petroleum products	Jewelry stores	Flower decorating
		Retail bakeries	House cleaning
		Shoe stores	Lawn care
		Sporting goods and bicycle stores	Painting
			Plumbing
			Translating
			Travel agency
			Tutoring
			Web design and maintenance

Source: Small Business Administration

GREEN ENTREPRENEURSHIP Many types of businesses may focus on being organic or “green.” Because of the growing movement toward environmentally friendly products, entrepreneurs who have a passion toward being green have an advantage when introducing their product or service on the market. It is important for green entrepreneurs to educate their customers about how their products or services benefit the earth or conserve resources. In addition to offering green products, entrepreneurs who use green business practices, such as recycling and working with other green-minded companies, are often favored by customers.



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Why are many businesses going “green”?

CHECKPOINT

Describe different types of entrepreneurial businesses.

Recognizing Opportunity

Many of America’s most successful companies started with one person who recognized an opportunity and came up with an idea for a business in response to that opportunity. Entrepreneurs have played an important role in the history of America’s economy and will continue to shape our economy in the future.

According to estimates from the U.S. Small Business Administration’s Office of Advocacy, there were approximately 29.6 million businesses in the United States in 2008. Small firms with fewer than 500 employees represent 99.9 percent of these 29.6 million businesses in the United States. Only 18,000 U.S. businesses are considered large. Small businesses contribute billions of dollars to the U.S. economy every year and generate jobs that drive economic growth. According to the National Small Business Association, small businesses created 21.9 million jobs in the last 15 years compared with 1.8 million jobs created by large businesses. These small businesses are found in virtually every sector of the economy.

Entrepreneurs Who Changed America

Entrepreneurs change American business decade after decade. They establish new companies and fill unmet needs. They continuously change how things are done and contribute to the overall good of the nation. There are many businesses today that started small and have grown into large companies that are making a major impact in our economic system.

STARBUCKS COFFEE COMPANY Starbucks Coffee Company was founded in 1971, opening its first location in Seattle’s Pike Place Market. Starbucks is named after the first mate in Herman Melville’s novel *Moby Dick*. It is the world’s leading brand of specialty coffee. Its stores receive more than 40 million customer visits per week at coffeehouses

in North America, Europe, the Middle East, Latin America, and the Pacific Rim. When Howard Schultz first joined the company in the early 1980s, Starbucks was already a highly respected local roaster and retailer of whole bean and ground coffees. A business trip to Italy, where he was impressed with the popularity of espresso bars in Milan, helped Schultz recognize an opportunity to develop a similar coffee-house culture in Seattle. Espresso drinks became an essential element of Schultz's vision. He purchased Starbucks with the support of local investors in 1987. In addition to its well-situated coffeehouses, Starbucks markets its coffee and tea products through its website and through many national retail supermarkets.

THE HOME DEPOT In 1979, Bernie Marcus and Arthur Blank opened the first two The Home Depot stores in Atlanta, Georgia, forever changing the home improvement industry. They envisioned a home improvement store that offered one-stop shopping for the do-it-yourselfer. The original stores stocked around 25,000 products. An average store today offers 40,000 products in approximately 105,000 square feet. Marcus and Blank's vision was of warehouse stores filled from floor to ceiling with a wide assortment of home improvement products at the lowest prices and with the best possible service.

famous entrepreneur

MADAM C. J. WALKER You may have heard it said that "necessity is the mother of invention." Many entrepreneurs got their start by creating something that they themselves needed and then sharing their product with others. That's exactly what made Madam C. J. Walker a millionaire. Walker, originally known as Sarah Breedlove, suffered from a scalp ailment during the 1890s and began experimenting with homemade remedies. Her remedies worked well, so she began offering them to other African-American women. In 1905, she moved to Denver, married newspaperman Charles Joseph Walker, and started her own company. She sold her products door to door and bought ad space in newspapers. Walker later opened Lelia College, where she and her daughter trained other women to use and sell the product line, which had expanded to include items such as complexion soap and dental cream. At least



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madamcjwalker.com

Why do you think Madam C. J. Walker became such a successful entrepreneur?

20 women completed the program every six weeks. Besides becoming a millionaire from the sales of her products, Walker made a huge contribution to the African-American community by empowering women to make their own mark in the business world.

THINK CRITICALLY

Why is it important for entrepreneurs to make contributions to their community in addition to offering a product or service?

Within five years, The Home Depot expanded from Georgia to Florida, Louisiana, Texas, and Alabama. Today, it has more than 2,100 stores in the United States, Canada, and Mexico.

HARPO PRODUCTIONS, INC. Oprah Winfrey's love of acting and her desire to bring quality entertainment projects into production prompted her to form her own production company, HARPO Productions, Inc., in 1986. Today, HARPO is a formidable force in film and television production. Based in Chicago, HARPO Entertainment Group includes HARPO Productions, Inc., HARPO Films, and HARPO Video, Inc. In October 1988, HARPO Productions, Inc., acquired ownership and all production responsibilities for *The Oprah Winfrey Show* from Capitol Cities/ABC, making Oprah Winfrey the first woman in history to own and produce her own talk show. The following year, HARPO produced its first television miniseries, *The Women of Brewster Place*, with Oprah Winfrey as star and executive producer. Oprah also produced and appeared in several television miniseries and movies.

Entrepreneurial Opportunities in Economic Recovery

Even during downturns in the economy, entrepreneurial opportunities still exist. While big businesses tend to be more conservative in their approach to economic slowdowns by scaling back production, conserving cash, and laying off workers, small businesses that have less to lose are more willing and able to make changes quickly. They can be more creative and take more risks than large companies. Their experimentation and innovation lead to technological change and increased productivity. This makes small businesses a significant part of the economic recovery process.

The American Recovery and Reinvestment Act of 2009 was passed to stimulate the American economy after the 2008 economic slowdown. It supported a number of provisions to help small businesses, including \$30 billion in tax relief for small businesses and \$13 billion in loans, lines of credit, and equity capital. Other provisions included:

- Increasing the Small Business Administration (SBA) guarantee on loans up to 95 percent of loan value
- Improving the liquidity of small business lending markets
- Allowing the SBA to refinance existing loans, including those with both the SBA and other lenders
- Increasing equity capital for high-growth businesses
- Providing lending assistance for borrowers locked out of traditional financing markets
- Offering tax relief in several forms



How do small business owners aid in the economic recovery process?

This stimulus package also contained significant new support to increase green businesses, including incentives to drive the growth of renewable energy, stimulate energy efficiency efforts, and update the nation's electrical grid.

CHECKPOINT

Describe how one of the entrepreneurs discussed above recognized an opportunity to develop a successful business.

Business Success or Failure

Although there are many opportunities for entrepreneurial success, there is also a risk of failure. According to a recent study by the Small Business Administration's Office of Advocacy, 67 percent of new businesses survive at least two years, and 44 percent survive at least four years. This means that more than half of all new businesses do not survive beyond four years. These results are similar for different industries. Many people think that there is a higher failure rate for restaurants than for other types of businesses. However, leisure and hospitality establishments, which include restaurants, survive at rates only slightly below the average. Major factors in a firm's success include having adequate capital and being large enough to have employees. The owner's education level and reason for starting the firm in the first place, such as freedom for family life or wanting to be one's own boss, are also important factors. The reason must sufficiently motivate the entrepreneur to have the perseverance to succeed.

The owner's business experience is a factor that contributes to the likelihood of success. Experienced businesspeople have an understanding of how to purchase products and services. They know how to plan, negotiate with suppliers, raise money, negotiate leases, sell and market their product or service, and manage finances. Many



What makes some entrepreneurs more likely to succeed than others?

businesses fail because the owner lacks business knowledge. Someone may have an idea for a product or service but may lack the necessary business skills he or she needs to run a successful business. There is a major difference between having expertise regarding a product or service and running a business with that product or service. So when opportunity presents itself, entrepreneurs must have what it takes to succeed.



What factors contribute to helping a business succeed?

1.1

ASSESSMENT

THINK ABOUT IT

1. What are your reasons for wanting to become an entrepreneur? Do you think they are common to all entrepreneurs, or are some of your reasons unique?
2. Explain how integrity and ethical behavior apply to a small business.
3. Why do you think entrepreneurship is important to the U.S. economy? Provide specific examples of how entrepreneurs affect the economy.
4. What do you think is the most important thing an entrepreneur should do before starting a business to ensure its success?

MAKE ACADEMIC CONNECTIONS

5. **MATH** Suppose there are exactly 5,812,000 small businesses in the economy today. Approximately 27 percent of those businesses are service businesses. What is the number of service businesses in the economy?
6. **SOCIAL STUDIES** Before Starbucks grew nationwide, there were few places that people could go to have coffee and meet with friends and business associates. Write at least one paragraph about how Starbucks and other coffee shops have changed the way people view coffee and its role in society.
7. **COMMUNICATION** Entrepreneurs can be any age. Research online a teen entrepreneur. Write a one-page paper about his or her business. Discuss whether or not you think the business idea is a good one. Make recommendations for expanding the business.

Teamwork



Work in teams to list advantages and disadvantages of being an employee. Then list advantages and disadvantages of being an entrepreneur. Compare and contrast the lists.

1.2

IS ENTREPRENEURSHIP RIGHT FOR YOU?

Goals

- Identify the characteristics of successful entrepreneurs.
- Identify the characteristics of good team members.
- Assess whether you have what it takes to succeed in your own business.

Vocabulary

- self-assessment
- aptitude

focus on small business

Think it through!

Gloria and Delia were excited about starting their own business, but as they continued their discussions, Gloria realized they needed to slow down and think through the process carefully. “You know, Delia, it’s not really easy to start our own business. When we talked about this in class, Mr. Rivera said that there are a lot of things to consider before starting a business. First, we need to decide what we like to do and what we are good at. Then we have to do a lot of research and planning if we want to be successful.”

Thinking about what Mr. Rivera told her in class, Delia sighed. “This entrepreneur thing sounds like a lot of work. What do you think we should do?”

Work as a Team Many people go into business without first taking time to examine their strengths and weaknesses and what they really like to do. Do you think it’s a good idea for Gloria and Delia to slow down and really examine their interests before starting the business?



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Examine your strengths and weaknesses before starting a business.

Characteristics of Successful Entrepreneurs

Many people dream of running their own businesses. They would like to become entrepreneurs. Entrepreneurship can be exciting, but many go into it not realizing how difficult it is to run their own business. In fact, statistics show that most new businesses will fail within a few years. These startup businesses fail because of the owner’s poor planning, lack of business knowledge, lack of entrepreneurial characteristics, inability to work with others, or failure to choose the right business.

Researchers have identified several characteristics that distinguish successful entrepreneurs from those that fail.

1. **Successful entrepreneurs are independent.** They want to make their own decisions and do something they enjoy.
2. **Successful entrepreneurs are self-confident.** Entrepreneurs make all the decisions. They must have the confidence to make choices alone and bounce back from a poorly made decision.
3. **Successful entrepreneurs have determination and perseverance.** Entrepreneurs persist through hard times until goals are met.
4. **Successful entrepreneurs are goal-oriented.** They know what they want, and they are able to focus on achieving it.
5. **Successful entrepreneurs have a need to achieve and to set high standards for themselves.** They are motivated by setting and achieving challenging goals.
6. **Successful entrepreneurs are creative.** They think of new ways to market their businesses and are always looking for new solutions to problems.
7. **Successful entrepreneurs are able to act quickly.** They are not afraid to make quick decisions when necessary, which helps them beat their competitors.
8. **Successful entrepreneurs keep up to date with technology.** New technologies emerge that can help with many business activities. In order to run their business efficiently, entrepreneurs should always be on the lookout for new technology they can apply to their business.

Ryan Nelson has many entrepreneurial characteristics. Since he was 14, Ryan played for his high school basketball team. Other boys his height—just 5'8"—would not have enjoyed competing with much taller boys. Ryan accepted that he would have to work harder to win.



Why is it important for business owners to stay up to date on the latest technology?

did you KNOW ?

According to the Center for Women's Business Research, as of 2009, 28.2 percent of all businesses in the United States are owned by women. Women-owned firms have an economic impact of \$3 trillion annually, which translates into the creation and/or maintenance of more than 23 million jobs—16 percent of all U.S. jobs!

He needed to be creative in handling the ball. Most of all, he had to believe in himself. He did, and he became one of the top players on his team. If Ryan opened his own business, the characteristics he displayed as a ball player might help him succeed.

CHECKPOINT

Name three important characteristics of entrepreneurs.

Characteristics of Good Team Members

Entrepreneurs realize that there are other stakeholders in their businesses—partners, investors, employees, suppliers, customers, creditors, and so forth. They must work with others to get their business up and running. They must have good team-building skills as well as be effective team members. Good team members display the following traits:



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How can participation on a sports team help prepare you to become an entrepreneur?

1. **Commitment** They are committed to team goals and are willing to work hard to achieve the goals.
2. **Competency** They have the right set of skills needed to get the job done and to help accomplish the team's goals.
3. **Communication** They have good communication skills and can share ideas with others in both oral and written form.
4. **Cooperation** They work well with others and know that they will not always get their way. They are willing to accept the decision of the group for the good of the group.
5. **Creativity** They are able to look at things from different perspectives and suggest new ways of doing things.

Ryan Nelson displayed these traits as a member of his basketball team. He competed as a team player, recognizing that every member of the team contributed to its success. His experience will help him work effectively as part of a team in the business world. If Ryan becomes an entrepreneur, he could apply these skills when working with other people who will be important to his success.

CHECKPOINT

Why is it important for entrepreneurs to be good team members?

Are You Right for Entrepreneurship?

Entrepreneurship is not for everyone. Some people lack the qualities needed to become successful entrepreneurs. Others lack the aptitude needed to run a business. For others, the advantages of entrepreneurship do not outweigh the disadvantages.

To determine if entrepreneurship is right for you, you first need to perform a self-assessment. A **self-assessment** is an evaluation of your strengths and weaknesses. You can do this in a number of ways. You can list what you believe to be your strengths and weaknesses on a sheet of paper. You can ask others what they believe your strengths are and where your weaknesses lie. There are also professional tests you can take to assess your abilities.

Assess Your Interests

Success as an entrepreneur requires a strong commitment to a business and a lot of energy. To be able to commit yourself fully to a

what went wrong?

EXPERIENCE NEEDED

Louise was a theater performer who sang and danced in Broadway-style musicals. The work was not always steady, so she earned additional money working part time at a print and copy shop for several years. The elderly couple who owned the shop allowed Louise to work flexible hours so that she could pursue a music career. Sadly, the husband died, and the wife decided to sell the business and move away. Louise was excited about the opportunity to purchase the business.

The former owner helped Louise gather financial information and put together a business plan. Louise's uncle cosigned a bank loan, and she

was in business. She modernized the décor of the shop but made few other changes. Louise contacted all the existing customers to assure them equal or better service. Sales increased the first two months. But then...

The former owner left town earlier than planned. Then Louise's chief printer quit. Using part-time employees, Louise was frantically trying to get large orders out on time. With no formal business training and no management experience, Louise couldn't begin to deal with all these problems—problems that even an experienced businessperson would find difficult. She ended up selling the business at a \$50,000 loss.

THINK CRITICALLY

1. What characteristics did Louise possess that led her to become an entrepreneur?
2. What circumstances out of Louise's control led to the failure of this business?
3. Are there steps Louise could have taken to try to save her business?



© Digital Vision/Getty Images

Get some business training before starting a business.

business, you should choose a field that interests you and that will provide you with an experience you will enjoy. Many entrepreneurs center a business on an interest or hobby. Analyzing past experiences and jobs can also help. Have you had any jobs or experiences that you found fulfilling? Perhaps building a business around that activity could lead to success.

Assess Your Aptitude

Different jobs require different job aptitudes. **Aptitude** is the ability to learn a particular kind of job. Auto mechanics must possess an aptitude for solving mechanical problems. They must also be good with their hands. People who sell insurance must have good interpersonal skills. Answering questions like those in the Job Attributes Checklist can help you identify the kinds of entrepreneurial opportunities that might match your aptitudes and interests.

JOB ATTRIBUTES CHECKLIST

- 1. I enjoy working with numbers.
- 2. I enjoy working outdoors.
- 3. I enjoy working with my hands.
- 4. I enjoy selling.
- 5. I like working with people.
- 6. I prefer to work alone.
- 7. I like supervising other people.
- 8. I like knowing exactly what I am supposed to do.

Assess the Advantages of Entrepreneurship

Many people see significant advantages in owning their own businesses. Some of the biggest advantages include the following:

1. **Entrepreneurs are their own bosses.** Nobody tells an entrepreneur what to do. Entrepreneurs control their own destinies.
2. **Entrepreneurs can choose a business that interests them.** Entrepreneurs work in fields that interest them. Many combine hobbies and interests with business.
3. **Entrepreneurs can be creative.** Entrepreneurs are always implementing creative ideas they think of themselves.
4. **Entrepreneurs can make large sums of money.** Entrepreneurship involves risk, but if the business is successful, the business owner will reap the profits.

Assess the Disadvantages of Entrepreneurship

As the disadvantages show, entrepreneurship is not for the faint of heart. All prospective entrepreneurs must weigh the advantages and

disadvantages before making the decision to start a business. Disadvantages include the following:

1. **Entrepreneurship is risky.** Just as there is the chance to earn large sums of money, there is the possibility of losing money and going out of business.
2. **Entrepreneurs face uncertain and irregular incomes.** Entrepreneurs may make money one month and lose money the next.
3. **Entrepreneurs work long hours.** Entrepreneurs are never really finished with their jobs. They can work long, irregular hours. They receive no paid days off and often work evenings and weekends.
4. **Entrepreneurs must make all decisions by themselves.** Unless they have partners, entrepreneurs have the final responsibility for all decisions that are made regarding the business.

CHECKPOINT

What kinds of assessments should you make to determine if entrepreneurship is right for you?

1.2 ASSESSMENT

THINK ABOUT IT

1. Entrepreneurs can fail even if they are committed and have the characteristics needed to be successful. How can this happen?
2. What traits do good team members have? Select one trait and explain why it is important.
3. Do you think the advantages of entrepreneurship outweigh the disadvantages? Why or why not?

MAKE ACADEMIC CONNECTIONS

4. **TECHNOLOGY** In today's business environment, it is important that entrepreneurs keep up to date with technology. Research different types of technology products and services that would be useful to the owner of a business. Describe one product or service and explain how it can help business owners run their companies more efficiently.
5. **CAREER SUCCESS** Choose a business idea that interests you. Access www.cengage.com/school/entrepreneurship/ideas. Click on *Activities* and open the file *Job Attributes Checklist*. Print a copy and complete the activity. Compare your interests to your business idea. Is this a good choice for you? Why or why not?



Teamwork



Work in teams to choose a successful entrepreneur. List the traits and aptitudes this person has that have contributed to his or her success. Develop a presentation about the entrepreneur to share with the class.

1.3

EXPLORE IDEAS AND OPPORTUNITIES

Goals

- Identify sources for new business ideas.
- Recognize different business opportunities.
- Identify your own personal goals.

Vocabulary

- opportunities
- ideas
- trade shows

focus on small business

Find an idea.

Gloria and Delia realized that although there are many advantages to owning their own business, there are many responsibilities and challenges that a business owner has to face. Gloria knew that she and Delia had their work cut out for them, but she had confidence they could do it if they put their minds to it. She also knew that before they started, they needed to have a really good idea and be certain that there were people who would be willing to pay them for the product or service they wanted to sell.

“How do we decide what kind of business we should have?” Delia asked Gloria.

“There are so many businesses in our community,” Gloria responded. “We have to come up with just the right idea!”

Work as a Team How do people come up with ideas for new businesses? How do you think they decide if the idea is worth pursuing?



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Spend time determining a good idea for your business.

Look for Ideas

Millions of entrepreneurs in the United States start their own businesses. You may wonder how they decided what businesses to operate. They may have acted on a new idea or an opportunity. An idea is different from an opportunity. **Opportunities** are possibilities that arise from existing conditions. **Ideas** are thoughts or concepts that come from creative thinking. Ideas can come from many different sources.

Hobbies and Interests

Many people get business ideas from their hobbies or interests. Making a list of hobbies and interests can help you decide what business is right for you.

Bill had always enjoyed working with his grandfather on the farm and had helped to build and maintain many farm structures. He built a garage and added a sunroom to his own home. He also was able to make plumbing, electrical, and carpentry repairs around the house. He started doing this for others in his spare time. Soon he had so many people calling on him for these services that he decided to start a general contracting business.

Past Experiences

Analyzing past experiences and jobs can help you come up with ideas for a business you would enjoy owning. People who excel at their jobs have generally learned much about their profession and how to satisfy customer needs. They also see how successful marketing is conducted. Through their work, they can build a network of potential customers, suppliers, employees, and distributors. When they feel confident that they can offer a product or service to this market more effectively than their current employer, they can start a new business. The experience and training they received on the job will increase their chances of success in running a new business.

Samantha Rodriguez worked as a computer network administrator for a large company. Recognizing that she could use her experience to perform the same computer services for other companies, Samantha started her own computer consulting service. She currently earns less money than she did working for a large company, but she enjoys working flexible hours and meeting new people.

Discovery or Invention

Sometimes a business opportunity arises from a discovery or invention. Someone may invent a new tool that works better than tools that are currently available. The next step would be to research and find out if the idea can be patented, who the competition is, what the manufacturing process would be, and who the target market is.

Chandra enjoyed working in her garden, but she did not like any of the tools she had for removing weeds from around the plants. She took one of her tools and made modifications to it and found that it worked perfectly. After several friends tried out the tool and liked it, Chandra decided to investigate how to market and sell her invention.

NETBookmark

Do you have a hobby you are passionate about? Do you wish you could turn that hobby into a career? David and Wendi Kast turned their hobby into a profitable business doing what they love. Access www.cengage.com/school/entrepreneurship/ideas and click on the link for Chapter 1. Read about the Kasts' experiences and then answer these questions: What is the name of David and Wendi's business? What convinced them to turn their hobby into a business? What was the biggest challenge they faced as they started their business?

www.cengage.com/school/entrepreneurship/ideas



Where do new ideas for businesses come from?

Investigate Opportunities

People often conduct research to determine what is missing in a particular market—what needs exist that are not being met. By doing this research, they hope to find the perfect business opportunity.

Sources of Information

The Internet and the library have resources that can help you conduct research for different opportunities. These include books on entrepreneurship, magazines for entrepreneurs, trade magazines for certain businesses, and government publications. *County Business Patterns* is an annual series of publications providing economic profiles of counties, states, and the country as a whole. Data include employment, payroll, and the number of establishments by industry.

The Internet and the library are not the only places to investigate opportunities. The Small Business Administration (SBA) is an organization that exists to help small businesses and their owners. It publishes helpful information. Talking to entrepreneurs and attending **trade shows**, which are special meetings where companies of the same industry or related industries display their products, can also be beneficial.

Luanda Williams wanted to use her love of sports and dancing to create her own company. She found books and magazine articles at the library that gave her information on various kinds of businesses. She also talked to owners of gymnastic centers, health clubs, and dance studios. She discovered that there were not enough children's fitness programs to meet the demand in her area. Her research revealed the many opportunities available in the children's fitness industry.

Compare Different Opportunities

Once you find appealing business opportunities, you need to identify which ones have the best chance for success. Now is the time to assess each business opportunity by asking yourself the following questions:

1. Is there a market in my community for this kind of business? Will people buy my product or service?
2. How much money would it take to start this business? Will I be able to borrow that much money?
3. How many hours a week is it likely to take to run this business? Am I willing to commit that much time?
4. What are the risks associated with this business? What is the rate of business failure?
5. Does my background prepare me to run this kind of business? Do most people who own this kind of business have more experience?
6. How much money could I make running this business?

BE YOUR OWN BOSS

You are interested in starting your own business, but you are not sure what kind of business it should be. To help you get started, think about something you do that you really enjoy. Now think about ways that you might be able to turn this activity into a business. Make a list of businesses in your area that offer a related product or service. Write a paragraph explaining your business idea. How will your business be different from the existing businesses you listed?

CHECKPOINT

How can you find out about various business opportunities?

Set Goals

For everything you do in life, you set goals. Goals help you stay on track and follow through with your plans. The best goals are SMART. SMART goals provide more direction, as shown below.

SMART GOALS	
Specific	Goals should be specific and answer “What?” “Why?” and “How?”
Measurable	Goals should establish ways to measure your progress.
Attainable	Goals should not be too far out of reach.
Realistic	Goals should represent things to which you are willing to commit.
Timely	Goals should have a timeframe for achievement.
Goal	I will learn more about starting my own business.
SMART Goal	I will learn more about starting my own catering business by obtaining information from the Small Business Administration and talking with the owners of three local catering businesses by the end of the month.



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As an entrepreneur, you will need to set many goals. Goals can be categorized as financial and nonfinancial.

Financial Goals

Set specific financial goals before starting a business. Financial goals can include how much money you will earn and how quickly you will pay off debts. Make sure your goals are realistic. If one of your goals is to make large sums of money early on, you almost certainly will be disappointed. It usually takes time for businesses to become well established and profitable. Setting SMART financial goals will help you develop a realistic plan for earning a profit.

Goals should be measurable and easily attainable in the time allotted. Mo Yang wants to start a mail-order business for model trains, planes, and cars. His income goal is to earn \$27,000 by the end of the first year. He estimates that after expenses he will earn \$9 for each item he sells. At this rate of profit, he would have to sell 3,000 models to meet his income goal. Mo realizes that this is not realistic. He would have to lower his income goal or find another business idea.

Nonfinancial Goals

Most people who own their own businesses do so for more than just monetary gain. They are looking for personal satisfaction. They may serve a community need, do something they like, or enjoy the

personal independence. You will want to specify what nonfinancial goals you want to achieve by being an entrepreneur. For example, as a business owner, you may want to offer support to a charity organization, either by making monetary donations or by offering your business's services. Setting and meeting nonfinancial goals can help an entrepreneur live a more satisfying and fulfilling life.

CHECKPOINT

Why are financial goals important? Name some nonfinancial goals an entrepreneur may have.

1.3

ASSESSMENT

THINK ABOUT IT

1. Think about a business opportunity that appeals to you. For this business, answer the six assessment questions listed on page 20 on a sheet of paper. Is this a realistic choice for you? Why or why not?
2. In terms of annual income, what financial goals have you set for yourself for five years after you graduate? What nonfinancial goals have you set that you could fulfill by becoming an entrepreneur? Are financial or nonfinancial goals more important to you? Why?
3. Your friend has set the following goal: I plan to eat healthier. Is this a SMART goal? Explain why or why not. What suggestions would you make for improving it?

MAKE ACADEMIC CONNECTIONS

4. **MATH** You live near the beach and have a passion for snorkeling. Your dream is to give snorkeling lessons. You estimate that after expenses, you can earn an average of \$10 per lesson. Each lesson will be one hour long, and you plan to offer lessons five days a week. Your income goal is \$15,000 per year. How many lessons do you need to give to achieve this goal? Is this goal realistic?
5. **COMMUNICATION** Write a letter to the Small Business Administration. In your letter, indicate your interest in starting a small business. Be specific about the type of business you wish to start. Ask what specific services the SBA provides to people who wish to start this type of business. Give your letter to your teacher.
6. **SOCIAL STUDIES** Write a personal nonfinancial goal involving your local community that you would like to achieve through entrepreneurship. Be sure the goal is SMART. Write an outline for a detailed plan you can follow to achieve this goal and explain how it would benefit your community.

Teamwork



Working with classmates who have similar interests, come up with an idea for a business. Brainstorm a list of resources for finding information about similar businesses.

PROBLEM SOLVING FOR ENTREPRENEURS

1.4

Goals

- List the six steps of the problem-solving model.
- Describe ways to improve your problem-solving skills.

Vocabulary

- problem-solving model
- brainstorming

Research your ideas.

Gloria and Delia spent time on the Internet and in the local library researching ideas for their new business. As a result, they had come up with several ideas. Now they had to decide what to do with these ideas.

As they discussed their options, Gloria said, "You know, Delia, we can talk about these ideas, but we really need a system that we can use for solving problems. We want to be sure that we make the very best decisions for our business."

"Yes," Delia responded, "You are right. I remember reading about a problem-solving model in one of the books we found at the library. Let's go back and find it and see if we can adapt it for our use!"

Work as a Team How important do you think it is to use a system for solving problems and making decisions?



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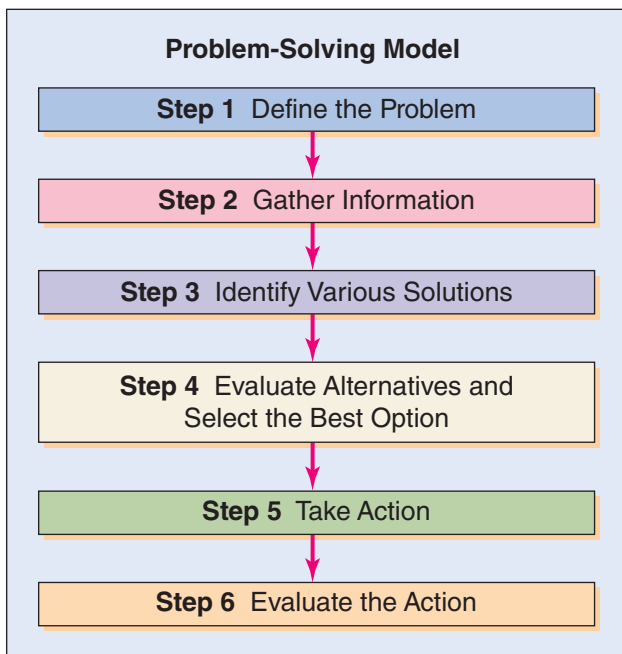
Research will help you examine opportunities.

Use the Problem-Solving Model

As an entrepreneur, you will be faced with making decisions and solving problems every day. Whether or not to become an entrepreneur is a big decision. Many entrepreneurs make decisions casually or base them on intuition. As a result, their decisions are based on faulty assumptions or illogical thinking. The best entrepreneurs use formal problem-solving models to gather information and evaluate different options.

A formal **problem-solving model** helps people solve problems in a logical manner. The model consists of six steps: define the problem, gather information, identify various solutions, evaluate alternatives and select the best option, take action, and evaluate the action.

focus
on small
business



Step 1 Define the Problem

Before you can solve a problem, you need to diagnose it. Write down what the problem is and why it is a problem. Try to quantify it too. For example, you may be trying to decide whether to start your own business or accept a job offer from another company. If you accept the job offer, your income would be \$30,000 a year. If you reject the job offer, you would lose that income. Quantifying the problem helps you figure out how much it is worth to you to solve it.

Dan Parker knows what his problem is: Should he start a website design company? He took many computer courses throughout high school, and he is now attending college. He has worked in the food industry throughout high school and college to earn money to help pay for his college expenses. Dan enjoys working at

restaurants and has gained valuable customer service and management experience. In addition, he also volunteers his web design skills on projects for his university and local community programs. He will be graduating in the next few months with a degree in Computer Science. Dan is considering starting his own website design business, but he is not sure whether that is the right choice for him.

Step 2 Gather Information

Once the problem has been defined, you need to gather information that could help solve it. Relevant information may be obtained from many sources, including company records, industry data, and trade magazines. It is also a good idea to interview other people in the industry to find out what their experiences have been and to learn how they have solved similar problems.

In Dan's case, it would be helpful for him to take a closer look at himself. He should do a self-assessment to determine his strengths and weaknesses. He also needs to consider his skills, experience, and interests. Does he have the characteristics of a successful entrepreneur? He also needs to examine the advantages and disadvantages of running a website design company. He should talk to other professionals in the business and read trade magazines to gather information about running a website design business. Dan needs to thoroughly explore every aspect of starting and running a website design company.

Step 3 Identify Various Solutions

Most problems can be solved in various ways. Identify all possibilities before you settle on a particular solution. Dan comes up with several possible solutions to his problem.

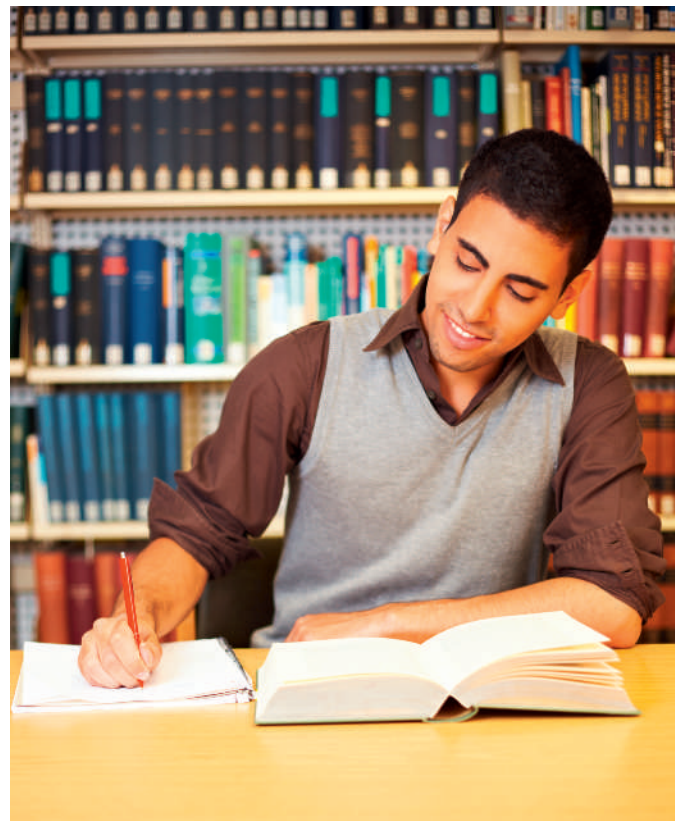
1. Work as an employee in a position that utilizes his customer service skills and management experience

2. Work as a website designer for another company to gain more experience and then start his own business in 3 to 5 years
3. Pursue his interests in the food industry and open his own restaurant
4. Start his own website design company upon graduation

Step 4 Evaluate Alternatives and Select the Best Option

The decision maker next needs to evaluate the alternatives to determine the best solution. In some cases, it may be possible to quantify the costs and benefits of each alternative. In other cases, quantifying each alternative may not be possible, and the decision maker may simply have to rank each alternative.

Dan ranks option 1 the lowest because of his strong desire to be his own boss. All of the information that Dan gathered indicates that he has a strong chance of succeeding as an entrepreneur. He ranks option 3 next to lowest. Dan has considerable experience in the food industry and enjoys that type of work, but he decides he would rather pursue his interests in website design. He ranks option 2 second because he is already confident in his level of computer knowledge and experience. After evaluating all of his alternatives, Dan decides option 4 is the best solution.



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Why is it important to evaluate the decisions you make?

Step 5 Take Action

Once you have selected the best solution to the problem, you need to take action to implement it. Dan begins putting together a business plan and spreading the word about his new venture.

Step 6 Evaluate the Action

The problem-solving process is not complete until you evaluate your action because even a well-thought-out solution may not work. After being in business for six months, Dan evaluates whether he is achieving his financial and nonfinancial goals. It seems that Dan made the right decision because his business is profitable and he is enjoying his work. He has been able to fulfill his dream of working for himself while providing a valuable service to others. Dan will continue to use the problem-solving model to make the most effective decisions for him and his new business.



What are the six steps in the problem-solving model?

Problem-Solving Skills

The more often you use the problem-solving model, the better skilled at decision making you will become. It will become a valuable tool to you throughout your career. There are a few other things you can do to improve your problem-solving skills.



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How can good communication skills help you succeed in business?

Communicate

Good communication is important in the problem-solving process. When trying to resolve problems and make decisions, you most likely will have to interact with others. You may have to ask questions, request information, and express your ideas and opinions. On such occasions, it is important that you communicate clearly and confidently. You must also be a good listener. You must carefully listen to information, opinions, and suggestions from others. Listening to others' input can help you make informed decisions.

Kris is the owner of a small boutique and is looking for ways to increase sales. She decides to conduct a meeting with her employees to communicate her sales objectives. During the meeting, she listens to her employees' thoughts and ideas for boosting sales. Through this communication process, Kris is able to gather lots of good information to help her solve her sales problem.

Brainstorm

Brainstorming is a creative problem-solving technique that involves generating a large number of fresh ideas. Brainstorming is often done in a group setting, but it is a very useful activity for an individual as well. Think about the problem you are trying to solve. Brainstorm by writing down as many possible solutions to the problem as you can think of. Do not be afraid to write down any idea you have. The point of brainstorming is not to judge your ideas as good or bad but to come up with as many ideas as possible. Once you have made a list of ideas, you can use the problem-solving model to determine the best alternatives.

Learn from Mistakes

If you want to become an entrepreneur, you cannot be afraid to make mistakes. Mistakes are likely to happen, but a negative can be turned into a positive. You should view your mistakes as a learning experience. Mistakes can help you learn what to do

or what not to do, which proves to be valuable in the problem-solving process.

When you read about some of the nation's most famous entrepreneurs, you will find that many of them failed before they came up with a winning idea. Colonel Sanders of KFC fame is a good example. He held many jobs and owned a motel chain, service stations, and other restaurants that were unsuccessful. While running his restaurant, he developed his secret recipe chicken. In 1952, at the age of 62, he began traveling across the country selling his chicken recipe. By 1964, there were 600 KFC restaurants in the United States and Canada, and Colonel Sanders sold KFC for \$2 million.

CHECKPOINT

How can you improve your problem-solving skills?

1.4

ASSESSMENT

THINK ABOUT IT

1. Must the six steps in the problem-solving model be performed in the order described? Why or why not?
2. How do you think strong communication skills can improve the problem-solving process? Provide specific examples of how a business owner might use communication skills to resolve a problem.

MAKE ACADEMIC CONNECTIONS

3. **MATH** In Step 3 of the problem-solving model (Identify Various Solutions), you list a variety of possible solutions to a problem. For the four options Dan Parker came up with on pages 24–25, assign a percentage weight to each based on Dan's reasoning. Give the decimal equivalent for each percentage. What must the decimal value of the four options total?
4. **PROBLEM SOLVING** You own a successful shop that buys, sells, and services bicycles. In January, the owner of the building you now lease tells you that she has found a buyer for the property and plans to sell it in six months, meaning you may have to move your business. Using the six-step problem-solving model, develop a plan for how to proceed.

Teamwork



Working as a team, identify some benefits to using a formal problem-solving model that are not given in the text. Provide some examples of how entrepreneurs might use the problem-solving model in their business.



Sharpen Your **21st CENTURY** ENTREPRENEURIAL SKILLS

Effective Business Letters

As an entrepreneur, you might write letters to communicate your business ideas, solicit business, respond to customer questions, negotiate purchases, or deal with suppliers. To do so effectively, you need to develop your business writing skills. Writing a business letter is different from writing a letter to a friend. A certain level of formality is necessary, and certain standards must be followed. That doesn't mean business writing should be difficult to understand. Good business writing communicates ideas clearly. It also gets results by being positive and persuasive and by convincing readers that they should accept what the writer is communicating.

Certain basic rules should be followed in writing business letters, as outlined below and as shown in the letter on the next page.

- 1. Key all formal correspondence.** Send handwritten letters only when they are intended as personal letters.
- 2. Spell all names correctly and have the correct address.** No matter how well written your letter is, its effect will be dramatically reduced if you misspell the name of the person to whom you are writing or refer to his or her company by the wrong name. Addressing a letter incorrectly may cause it to arrive late or to be returned.
- 3. Always date your business correspondence.** It may be necessary to refer to this date at a later time.
- 4. Use names and titles appropriately.** Use the person's first name if you know him or her well. If you do not know the person or the letter is very formal, use the person's last name, along with the appropriate title (Dr., Mr., Mrs., Ms., or Miss).
- 5. Be direct and positive.** Always maintain a positive tone and portray your message in an optimistic light, even if your letter contains bad news.
- 6. Be persuasive and specific.** Make sure the action or result you want from the reader is clear. Use nonthreatening language that will persuade the reader that this action or result is the most desirable.
- 7. Avoid using fancy language.** Use straightforward language that says exactly what you mean.
- 8. Be polite.** Deal with complaints in a businesslike fashion. Don't whine or express outrage, and never become abusive or insulting. Be especially polite in writing rejection or bad news letters.
- 9. Use an appropriate closing.** Make sure your closing corresponds with the content of the letter you have written. If you have written a letter to a supplier to complain about poor service, do not use "With warmest regards." Common closings are "Sincerely" and "Sincerely yours."
- 10. Proofread for spelling and grammatical errors.** The most persuasive and positive letter can be ruined by a single mistake.

Creative Web Designs

10 E. 34th Street • Baltimore, MD 21218
(410) 555-4321 CWD@internet.com

April 11, 20—

Ms. Chelsey Wright
Advantage Marketers
692 Kemper Road
Baltimore, MD 21209

Dear Ms. Wright

Are you looking for new ways to energize your website? If so, I would like to introduce myself and talk with you about my company, Creative Web Designs.

As a recent graduate of Piedmont State University with an Associate degree in Computer Science, I am ready to put my skills to work for you. After providing web development services for the local university and for other local community programs for the past several years, I have decided to offer my services to other local businesses such as yours. Services provided include the following:

Creation of visibly appealing and compelling web pages

Revitalization of existing websites

Hyperlink development

Technical support

Please call for a free consultation to discuss how you can have a website that works effectively for your company. Samples of my website creations are available for you to review. References can be provided upon request. I look forward to hearing from you.

Sincerely

Dan Parker

Dan Parker
Owner

Try It Out

You own a shop that sells comic books. Write a business letter to your main supplier, a comic book wholesaler. Tell the supplier that you have not received the shipment you ordered of the most recent edition of a popular comic. Be sure to follow the basic rules for writing business letters. Create names for your business and your supplier's business.



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SUMMARY

1.1 All About Entrepreneurship

1. Entrepreneurship is the process of running a business of one's own. The owner is called an entrepreneur.
2. Small businesses contribute more to the U.S. economy than all large businesses combined and contribute to the economic recovery of the country during economic downturns.
3. Factors that contribute to a new business's success or failure include having adequate capital and being large enough to have employees. The owner's education level and business experience are also important factors.

1.2 Is Entrepreneurship Right for You?

4. Successful entrepreneurs tend to be independent, self-confident, goal-oriented, and creative.
5. Entrepreneurs must have good team-building skills and be able to work well with others.
6. To determine whether entrepreneurship is right for you, you will need to assess your strengths, weaknesses, interests, and aptitudes.

1.3 Explore Ideas and Opportunities

7. Ideas for new businesses can come from many different sources, including your hobbies and interests, your past experiences, and a discovery or invention.
8. You may research business opportunities online and at the library and the Small Business Administration. Other sources of information include trade shows and other entrepreneurs.
9. Entrepreneurs should set SMART goals, which are specific, measurable, attainable, realistic, and timely. Goals can be categorized as financial and nonfinancial.

1.4 Problem Solving for Entrepreneurs

10. A problem-solving model consists of six steps: define the problem, gather information, identify various solutions, evaluate alternatives and select the best option, take action, and evaluate the action.
11. There are several ways to improve problem-solving skills, including communicating, brainstorming, and learning from mistakes.

What
do you
know
now?

Read *Ideas in Action* on page 3 again. Then answer the questions a second time. Have your responses changed? If so, how have they changed?

VOCABULARY BUILDER

Match each statement with the term that best defines it. Some terms may not be used.

1. People who work for someone else
2. An evaluation of your strengths and weaknesses
3. A creative problem-solving technique that involves generating a large number of fresh ideas
4. Special meetings at which companies of the same industry or related industries display their products
5. People who own, operate, and take the risk of a business venture
6. Thoughts or concepts that come from creative thinking
7. The ability to learn a particular kind of job
8. The process of running a business of one's own

- a. aptitude
- b. brainstorming
- c. employees
- d. entrepreneurs
- e. entrepreneurship
- f. ideas
- g. opportunities
- h. problem-solving model
- i. self-assessment
- j. trade shows

REVIEW YOUR KNOWLEDGE

9. Barbara Wall had a great recipe for sweet bell pepper sauce. Her friend Lynne Wilson convinced her that they should go into business together and sell the sauce. They now ship J.T.'s Red Sauce to stores in 35 states. Wall and Wilson are examples of
 - a. intrapreneurs
 - b. entrepreneurs
 - c. employees
 - d. managers
10. Which of the following is *not* an example of an entrepreneur?
 - a. Diane Molberg started By Request, a successful home bakery business.
 - b. Donna Cook started a cleaning service 10 years ago.
 - c. Gwen Morgan manages The Secret Garden, a business owned by her sister.
 - d. Elmer Olsen created Bayfield Apple Jam and distributes the jam nationally.
11. Team members who have the right set of skills needed to get the job done are demonstrating ___?__.
12. H&R Block tax service is an example of which type of business?
 - a. manufacturing business
 - b. wholesaling business
 - c. retailing business
 - d. service business
13. The plant where Goodyear tires are made is an example of which type of business?
 - a. manufacturing business
 - b. wholesaling business
 - c. retailing business
 - d. service business
14. According to the Small Business Administration's Office of Advocacy, how many new businesses survive for at least two years?
 - a. 67 percent
 - b. 44 percent
 - c. 25 percent
 - d. 10 percent
15. Possibilities that arise from existing conditions are called ___?__.
16. Which of the following is *not* an advantage of entrepreneurship?
 - a. Entrepreneurs are their own bosses.
 - b. Entrepreneurs can be creative.
 - c. Entrepreneurs take all the risks.
 - d. Entrepreneurs can make large sums of money.

17. Which step of the problem-solving model involves performing research and interviewing customers, suppliers, and employees?
 - a. define the problem
 - b. gather information
 - c. identify various solutions
 - d. evaluate alternatives

APPLY WHAT YOU LEARNED

18. The six categories of privately owned businesses include manufacturing, wholesaling, retailing, service, agricultural, and mining and extracting. In small groups, compile a list of specific industries and companies that belong to each category of business. Share your results with the class.
19. Is your personality suited for becoming an entrepreneur? Access www.cengage.com/school/entrepreneurship/ideas. Click on *Activities* and open the file *Aptitude Test*. Print a copy and complete the activity. What does the test indicate?



MAKE ACADEMIC CONNECTIONS

20. **MATH** Ellen Greenberg loves to make and fly kites. Ellen is planning to open a shop that sells custom-made kites. She asks for your advice to help her set financial goals. Ellen estimates that after expenses, she can make a \$15 profit on each kite she sells. If her annual income goal is \$15,450, how many kites will she have to sell? Assuming she can make only three kites per day and will work five days a week year round, is this goal realistic?
21. **HISTORY** Research online the life and career of a famous historical entrepreneur. Find out information such as birthplace, type of business started, and what effect the person had on the economy and history. Is the business still operating? Write a short report about your findings.
22. **COMMUNICATION** For the above History question, find a creative way to present your findings to the class. Use visual aids, skits, costumes, games, and so on.

What Would YOU Do?

Nancy and Gary had been friends since elementary school. During their senior year, Nancy told Gary about an idea she had for a business in the local community. She had done some research and thought that her idea could be turned into a profitable business. After high school graduation,

Nancy went off to college, and Gary stayed home and went to the local community college. Since Nancy had not acted on her business idea before leaving for college, Gary decided that he would try to open a business using Nancy's idea. What do you think about Gary's actions? Is he doing the right thing?



This activity will help you identify a business opportunity that may be right for you. You will use this business idea throughout the book.

1. Divide a sheet of paper into two columns. In the first column list all your interests. In the second column, list business opportunities that relate to each interest.
2. Do a self-assessment by listing your strengths and weaknesses. Compare this list with your list of business opportunities. For which business opportunities would your strengths most apply? For which business opportunities would your weaknesses hurt the most? Based on your strengths and weaknesses, cross out those business opportunities that no longer seem suitable for you.
3. Assess your aptitude, using the Job Attributes checklist in Lesson 1.2. Put a checkmark next to the business opportunities that relate to your aptitudes.
4. For the business opportunities remaining on your list, assess the advantages and disadvantages of each. Cross out any where the disadvantages outweigh the advantages.
5. Conduct research online to find and list sources of information that relate to the business opportunities that remain on your list. Locate at least one of these sources for each business opportunity and write a sentence stating the type of information it contains. On your list, cross out business opportunities for which you could not find any information.
6. Choose one of the business opportunities remaining on your list. Based on this business opportunity, answer the six questions listed in the Compare Different Opportunities section in Lesson 1.3.
7. Set personal financial goals for a five-year period based on the business opportunity you chose. Demonstrate that your goals are SMART (Specific, Measurable, Attainable, Realistic, and Timely). Assume you will need to borrow money to get started. How much profit do you hope to make in one year? Three years? Five years? Next, set nonfinancial goals you hope to achieve with this business. Be sure to include specific activities you can perform to help achieve each goal.
8. Write a letter to potential customers about the goods or services your business will provide. On paper, plan a telephone conversation you will use as a follow-up to the letter. Work with a classmate and do a mock phone conversation based on your plan.
9. Plan ahead to prevent any problems that may arise in your business. Think of a problem that could occur and use the six-step problem-solving model to deal with it now. Brainstorm solutions on your own or with family members or friends.
10. Save all of your materials from this project in a folder. You will continue to add to this folder as you build your business plan at the end of each chapter.

Planning a Career in

HUMAN SERVICES



“A new health club opened near my Grandma’s house, and she absolutely loves going there. The club is open 24/7. As Grandma was a bit intimidated by the high-tech exercise equipment at the club, she’s hired a personal trainer to help her learn how to use the equipment and to hold her accountable for her efforts. She says she feels much more energetic and relaxed than she used to. She’s even considering joining the volleyball team that’s been established for seniors.”

In a high-tech, convenience-oriented society that often results in inactive lifestyles, how do individuals maintain physical fitness? When the weather prohibits outdoor activities, where can people go to exercise?

Fitness facilities provide the location, equipment, and instruction necessary for club members to exercise. Personal trainers help individual clients customize a workout plan that will help them achieve their personal fitness goals.

Employment Outlook

- Faster than average growth is anticipated.
- Aging baby boomers, who hope to maintain fitness in later life, are fueling the demand for fitness workers.
- Parents’ desire to keep children fit as well as employers who encourage employees to stay in shape will contribute to the ongoing need for fitness workers.

Job Titles

- Corporate Personal Trainer
- Fitness Advisor
- Certified Personal Trainer
- Fitness Consultant
- Personal Fitness Coach

Needed Education/Skills

- A high school diploma and CPR certification are usually needed.
- Fitness certification from a reputable certification organization is required.
- Continuing education is often mandatory.
- Being physically fit and extroverted and having strong interpersonal skills is necessary.

What’s it like to work in Human Services? Nhu, a certified personal trainer, spent the weekend at a training seminar. The session was part of her ongoing training to stay current on developments in the personal training field.

This morning Nhu taught a group exercise class at a large fitness center. She enjoyed leading a large group of people and helping them improve their fitness level. The class also gave her the opportunity to meet a large number of health club members. Some of the class attendees signed up for her personal training services at the club.

Upon signing up for personal training, club members can work with Nhu on their individual fitness goals for an hourly fee. If they elect to buy a ten-session pass, then the hourly fee is reduced.

Over the years, Nhu has also established a private personal training service. When she attends a client’s home for a training session, she charges a higher hourly rate for the training. Many clients with busy schedules are more than happy to pay the higher rate to save the time of going to a gym.

What about you? Would you find it gratifying to help individuals improve their physical fitness levels?

Presentation Management Team



Participants in this event will use current desktop technologies and software to prepare and deliver an effective multimedia presentation. A team will consist of two to four members. The team shall design a computer-generated multimedia presentation on the assigned topic. A new topic is selected by BPA every year. A word processed copy, including cited works, must be submitted at the time of the presentation. The team is to make effective use of current multimedia technology in the presentation (examples: sound, movement, digital video, and so forth). Space, color, and text should also be used effectively in the presentation.

TOPIC: Business Professionals of America is a forward-thinking organization. Your team has been asked to research three growing entrepreneurship opportunities for the next decade. You will develop a presentation on these trends for the BPA Board of Trustees.

Participating teams will have from seven to ten minutes for oral presentations. Judges have an additional five minutes to ask questions about the presentation.

Performance Indicators

- Evaluate and delegate responsibilities needed to perform required tasks
- Demonstrate effective teamwork skills needed to function in a business setting
- Demonstrate knowledge of multimedia software and components
- Demonstrate effective oral communication skills
- Apply technical skills to create a multimedia presentation which enhances the oral presentation

Go to the BPA website for more detailed information.

THINK CRITICALLY

1. Why must entrepreneurs look at future trends when making business decisions?
2. Why should entrepreneurs look beyond current technology trends when making business decisions?
3. Why should statistics be used for this presentation?
4. How are entrepreneurs affected by a global economy?

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